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## Brookfield Real Estate Services Inc. Reports Fourth Quarter And 2012 Year-End Results; Monthly Dividend

**(TORONTO, ON) March 5, 2013** – Brookfield Real Estate Services Inc. (the Company) (TSX: BRE), a leading provider of services to residential real estate brokers and their REALTORS<sup>®</sup>, today announced that cash flow from operations (“CFFO”) for the three and twelve months ended December 31, 2012 was \$5.4 million or \$0.42 per restricted voting share (“Share”), the same level as 2011 and \$25.4 million or \$1.98 per Share, up slightly from \$25.3 million or \$1.97 per Share for the same period in 2011.

Royalties for the three and twelve months ended December 31, 2012 were \$8.1 million and \$36.5 million, respectively, compared to \$8.4 million and \$36.7 million, respectively for the same period in 2011. Net earnings for the three and twelve months ended December 31, 2012 was \$0.8 million and \$3.0 million, or \$0.08 and \$0.31 earnings per Share, respectively, as compared to net loss and earnings of \$3.2 million and \$8.0 million or \$0.33 loss and \$0.85 earnings per Share, respectively, for the same period in 2011.

### OVERVIEW OF FOURTH QUARTER OPERATING RESULTS

During the Quarter the Company generated CFFO of \$5.4 million, which was in line with the same period of 2011. Royalties were down slightly due in part to the pushing of market activity to the first half of 2012 as compared to the same period in 2011 as a result of the tightening of mortgage-lending rules. Offsetting this decrease was a \$0.3 million reduction in administration costs due primarily to a lower year over year bad debt provision resulting from the success of increased collection efforts.

For the twelve months ended December 31, 2012, the Canadian market transactional dollar volume of \$165.1 billion decreased by 1% from the same period in 2011, driven solely by a decrease in units sold. The average sales price of a home remained largely unchanged due primarily to a balanced market supported by reduced listings and low interest rates. For the three months ended December 31, 2012, the Canadian market transactional dollar volume was down 9% over the same period in 2011, also driven solely by a decrease in home sale activity.

“The Canadian real estate market was challenged in 2012 as more stringent mortgage regulations temporarily squeezed younger buyers out of the market, while the overhang of economic malaise across Europe and the US continued to unsettle consumer confidence,” said Phil Soper, President and Chief Executive Officer, Brookfield Residential Real Estate Services Inc. “Despite these concerns, the slowing of Canadian market activity, which began in the second quarter of 2012, has been moderate. We anticipate that the industry will strengthen towards the end of 2013.”

The Company’s revenue is primarily fixed in nature, based on the number of REALTORS<sup>®</sup> in the network. This structure provides revenue protection from the impact of revenue declines when the market cools, but also reduces the degree to which the Company participates in periods of rapid market expansion.

### The Company Network

As at December 31, 2012 the Company Network was comprised of 15,086 REALTORS<sup>®</sup>, operating under 406 franchise agreements providing services from 656 locations, with an approximate 24% share of the Market based on 2012 transactional dollar volume.

### Outlook

“Activity in the Canadian residential real estate market is unfolding as forecast. Compared to 2012, fewer homes are expected to trade hands in the first half of 2013, which should further slow the pace at which home prices are rising. By the end of 2013, Management expects the average national home price to be one percent higher compared to the same period in 2012. Based on early 2013 sales activity, the forecasted market correction has been milder than anticipated, as first time buyers adjust to new mortgage regulations and the stimulative effect of low mortgage rates continues.”

### Monthly Cash Dividend

The Company declared a cash dividend of \$0.092 per share for the month of March 2013, payable on April 30, 2013, to shareholders of record on March 28, 2013.

On February 15th the Company declared a dividend of \$0.092 per share for the month of February 2013,

### Related Links

-  [Q4 2012 CFFO](#)
-  [Q4 2012 Financial Statements and Notes](#)
-  [Q4 2012 Selected Financial and Operating Info](#)
-  [Q4 2012 Webcast](#)

payable on March 29th, 2013 to shareholders of record on February 28th, 2013. **This dividend will be paid on March 28<sup>th</sup>, 2013.**

#### **CFFO**

This news release and accompanying financial statements make reference to cash flow from operations ("CFFO") on a total and per restricted voting share basis. CFFO is defined as net income prior to fair value changes, amortization, interest on exchangeable units, income taxes, items related to other income and interests of exchangeable unitholders. CFFO is used by the Company to measure the amount of cash generated from operations which is available to the Company's shareholders on a diluted basis where such dilution represents the total number of shares of the Company that would be outstanding if exchangeable unitholders converted Class B LP units into shares of the Company. The Company uses CFFO to assess its operating results, the value of its business and believes that many of its shareholders and analysts also find this measure of value to them. CFFO does not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies.

#### **Management Services Agreement**

The Company is managed pursuant to a Management Services Agreement (the "MSA") between the Company and Brookfield Real Estate Services Manager Limited (the "Manager"), a subsidiary of Brookfield Asset Management Inc. The MSA has been in effect since 2003 and was originally designed for an income trust structure. The Company and the Manager have agreed to extend the termination date of the MSA to December 31, 2013 and the date for delivery of such notice to on or before June 30, 2013.

The Board of Directors of the Company have convened a Special Committee to evaluate various alternatives associated with the renewal of the MSA and have engaged an external advisor.

#### **Forward-Looking Statements**

This news release contains forward-looking information and other "forward-looking statements". The words such as "should", "will", "continue", "plan", "believe", "expect", "anticipate", "intend", "estimate", "approximate", "expected" and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Corporation to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forward in the forward looking statements include a change in general economic conditions, interest rates, consumer confidence, the level of residential real estate resale transactions, the average rate of commissions charged, competition from other traditional real estate brokers or from discount and/or Internet-based real estate alternatives, the availability of acquisition opportunities and/or the closing of existing real estate brokerage offices, other developments in the residential real estate brokerage industry or the Corporation that reduce the number of and/or royalty revenue from the Company's network of 15,238 REALTORS<sup>®</sup>, our ability to maintain brand equity through the use of trademarks, the availability of equity and debt financing, a change in tax provisions, and other risks detailed in the Company's annual information form, which is filed with securities commissions and posted on SEDAR at [www.sedar.com](http://www.sedar.com). The Corporation undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

#### **Conference Call**

Brookfield Real Estate Services Inc. will host a conference call on Wednesday, March 6, 2013 at 10 a.m. ET to discuss its fourth quarter and year-end financial results.

To access the call by telephone, please dial (888) 231-8191 or (647) 427-7450. Please connect approximately ten minutes prior to the beginning of the call to ensure participation. A recording of the conference call will be available on the Company's website by March 7, 2013 at [http://www.brookfieldresinc.com/content/investor\\_centre-25063.html](http://www.brookfieldresinc.com/content/investor_centre-25063.html).

#### **Supplemental Information**

The Company's Interim Condensed Consolidated Financial Statements, Supplemental Information and IFRS overview for the three and nine months ended September 30, 2012 containing further information on the company's strategy, operations and financial results can be found on our website at [www.brookfieldresinc.com](http://www.brookfieldresinc.com). The Company's Management Discussion and Analysis, Financial Statements and associated regulatory filings will follow within prescribed timelines. Shareholders are encouraged to read these documents.

#### **Brookfield Real Estate Services Inc. Profile**

The Company is a leading provider of services to residential real estate brokers and their REALTORS<sup>®</sup>. The Company generates cash flow from franchise royalties and service fees derived from a national network of real estate brokers and agents in Canada operating under the Royal LePage, Via Capitale Real Estate Network and Johnston & Daniel brand names. At December 31, 2012, the Company network consisted of 15,086 REALTORS<sup>®</sup>. The Company network has an approximate 24% share of the Canadian residential resale real estate market based on transactional dollar volume. The Company generates both fixed and variable fee components. Variable fees are primarily driven by the total transactional dollar volume from the sales commissions of REALTORS<sup>®</sup>, while fixed fees are based on the number of agents and sales representatives in the network. Approximately 73% of the Company's revenue is based on fees that are fixed in nature; this provides revenue stability and helps insulate the Company's cash flows from market fluctuations. The Company is listed on the TSX and trades under the symbol "BRE". For further information about the Company, please visit [www.brookfieldresinc.com](http://www.brookfieldresinc.com).

#### **For more information, please contact:**

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<sup>1</sup> REALTOR® is a trademark identifying real estate licensees in Canada who are members of the Canadian Real Estate Association.